

CABINET SUB-COMMITTEE (COUNCIL CHARITIES)

22 SEPTEMBER 2014

*** PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

6

TITLE OF REPORT: ANNUAL ACCOUNTS AND RETURNS FOR COUNCIL ADMINISTERED CHARITIES

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT

1. SUMMARY

1.1 This report includes the returns required for each of the Charities/Charitable Trusts administered by NHDC.

1.2 These Charities /Charitable Trusts are:

Hitchin Town Hall
King George V playing fields
Smithson Recreation Ground
Herts Yeomanry collection

1.3 The Charities sub-committee approve the accounts and annual reports prior to submission to the Charities Commission, if a return is required. If annual income is over £10k, this takes the form of an annual return, with accruals accounts required if annual income exceeds £25k. If annual income is below £10k then no specific return is necessary.

1.4 The Charities Commission now require information to be submitted electronically and so the attached information is for reference at the sub-committee today.

2. RECOMMENDATIONS

2.1 That the Charities sub-committee approves the information required by the Charities Commission for the four registered charities, so that the returns can be submitted prior to the January deadline.

2.2 That the Charities sub-committee agree the proposal to not incur the costs of an independent examination of the accounts of the Trusts.

3. REASONS FOR RECOMMENDATIONS

3.1 To facilitate the submission of approved returns to the Charities Commission.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 None.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

5.1 None.

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

7.1 The Charities commission recommend that “the management of a charity should be kept separate, as far as possible, from the business of the local authority. Depending on the size and circumstances of the charity, it may make sense for a committee of councillors to be allocated to this task....Equally the finances of the trust must be kept separate from those of the Council”.

7.2 This sub-committee was established to discharge this duty on behalf of NHDC.

7.3 The information provided below is produced by nominated council officers with support from the Finance team.

8. ISSUES

The following Council Charities are registered with the Charities Commission (with CC registration number in brackets):

8.1 Hitchin Town Hall Gymnasium and Workman’s Hall (CC Number 233752)

8.1.1 The financial statements for this Trust are included in Appendix 1a and the Head of Revenues, Benefits & IT produces the annual report, as included in Appendix 1b.

8.2. King George V Playing Fields, Hitchin (CC Number 1087603)

8.2.1 The accounts for this Trust are produced by the Service Manager for the Parks and Countryside team, and attached as Appendix 2, along with the draft annual return.

8.3. Smithson Recreation Ground, Hitchin (CC Number 264311)

8.3.1 The day to day management of the grounds sits with the Grounds Maintenance team and the Service Manager compiles the annual returns as provided in Appendix 3. Smithson Recreation Ground returns only comprise an Income and Expenditure Statement because there is no asset value to make up a Balance Sheet.

8.4. Hertfordshire Yeomanry and Artillery Collection (CC Number 1100515)

8.4.1 This is the only charity that does not involve land or buildings. It is a collection of military artefacts bequeathed to the Council by way of a Trust Deed dated 6 August 2003.

8.4.2 This collection is managed by the Museum Curator. As the funds are less than £10k then all that the Charities Commission require is a confirmation that nothing has changed with

regard to the Collection in the past financial year (and nothing has) therefore there is no specific return for the sub-committee to approve, and consequently no Appendix.

8.5 Independent Audit of the Accounts of the Trusts

- 8.5.1 In terms of prudent financial management officers propose that the Trustees agree to not having an independent examination of the accounts of the Trusts. The income for all three Trusts in total is less than £25k. Charities with income of less than £25k pa are not required to have external scrutiny and this is a position that the Charity Commission support.

9. LEGAL IMPLICATIONS

- 9.1 The Council acts as the Trustee for the above mentioned Charities/ Charitable Trusts and this Sub-Committee of the Cabinet is the managing committee appointed on behalf of the Council to manage them. The Trustees, when carrying out their duties, must act solely in interests of the charity. They do not promote the interests of a 3rd party (i.e. the Council), even if that 3rd party appointed them as a trustee.
- 9.2 Members of the Sub-Committee are referred to as Trustees in this report and their powers to deal with all matters are contained in their terms of reference.
- 9.3 Charities with income of less than £25k pa are not required to have external scrutiny and even charities with a gross income of £500k are left with the discretion to choose whether or not to have an external examination. Therefore in the case of these council trusts, an external examination is not required by law and any measure to save costs is positive, especially when such expense is not required by law. This view is endorsed by the Charity Commission.

10. FINANCIAL IMPLICATIONS

- 10.1 The Council is subject to the following duties in relation to Charitable Trusts:
- Fiduciary duty as Trustee
 - Contractual duty as the nominee of Fields in Trust (where this applies)
 - Statutory duty as Charity Trustee
 - Statutory duties as a local authority landowner (where this applies)
- 10.2 An independent examination of the accounts of the Hitchin Town Hall Trust represented an expenditure of £250 in the previous year. The income for all three Trusts is less than £25k in total.

11. RISK IMPLICATIONS

- 11.1 There is a risk that the non submission of annual accounts and/or returns may result in a financial penalty being levied by the Charities Commission.

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.3 There are no equalities implications arising directly from this report.

13. SOCIAL VALUE IMPLICATIONS

13.1 The Public Services (Social Value) Act was passed at the end of February 2012; under the Act, public bodies in England and Wales are required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area. 'Social Value' involves looking at what the collective benefit to a community is when a public body awards a contract. It applies to all public services contracts and those public services contracts with only an element of goods or works. It does not apply to public work contracts or public supply (goods) contracts. The Act requires public authorities at the pre-procurement phase of procuring services to consider how what is being procured might improve the economic, social and environmental well-being of an area and how the authority might secure that improvement through the procurement process itself.

13.2 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

13.3 Officers are of the view that the activities of these Charities contribute to social and environmental well-being; either by virtue of the provision of open space and facilities, or due to the intrinsic value of collections held.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no human resources implications from this report.

15. APPENDICES

15.1 Appendix 1a and 1b – Hitchin Town Hall Trust accounts and Annual Report.

15.2 Appendix 2a and 2b – King George V playing fields accounts and draft annual return.

15.3 Appendix 3 – Smithson Recreation Ground I&E Statement.

16. CONTACT OFFICERS

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